

Message Text

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44

ACTION OPIC-12

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CIEP-03 XMB-07 PA-04 PRS-01 USIA-15 DODE-00 /130 W

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R 060853Z AUG 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 7506

INFO AMEMBASSY BANGKOK

AMCONSUL CAN THO

AMCONSUL NHA TRANG

AMCONSUL BIEN HOA

AMCONSUL DANANG

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E.O. 11652: N/A

TAGS: AFIN, VS

SUBJ: VISIT OF OPIC PRESIDENT MARSHALL T. MAYS

SUMMARY: PRESIDENT MAYS' VISIT AND THE NEWS HE BROUGHT THAT OPIC PROGRAMS WILL BE RESUMED SHORTLY IN VIETNAM AFTER CONGRESSIONAL APPROVAL WERE ENTHUSIASTICALLY RECEIVED. RESUMPTION OF SUCH A PROGRAM FOR VIETNAM IS EXPECTED TO HAVE SIGNIFICANT PSYCHOLOGICAL AND ECONOMIC IMPACT. END SUMMARY.

1. PRESIDENT MAYS PREPARED FOLLOWING REPORT ON HIS VISIT TO VIETNAM PRIOR TO HIS DEPARTURE FOR BANGKOK:

A. "IN MEETINGS WITH GVN OFFICIALS AND PRIVATE SECTOR REPS, WHO ARE ANTICIPATING SIGNIFICANT PSYCHOLOGICAL AND ECONOMIC IMPACT FROM RESUMPTION OF OPIC PROGRAMS AFTER CONGRESSIONAL APPROVAL, WE EMPHASIZED THAT BENEFITS WILL DEPEND LARGELY ON COMPARATIVE ADVANTAGES OF LOCAL INVESTMENT CLIMATE AND IN PARTICULAR ON FAIR AND EFFICIENT IMPLEMENTATION OF GVN POLICIES AND PROGRAMS.

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B. "GENERAL UNWILLINGNESS TO APPROVE HARD CURRENCY BORROW-

INGS MAY NOT AFFECT LONG TERM LENDING.

C. (1) "IN GENERAL, EXPROPRIATION RISK, BARRING TAKEOVER BY
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COMMUNISTS, IS DEEMED BY EMBASSY OFFICIALS TO BE SLIGHT.
(2) "INCONVERTIBILITY RISK IS ALSO ACCEPTABLE, THERE BEING
PRESENTLY NO TRANSFER DELAYS, ALTHOUGH LONG TERM OUTLOOK
HINGES ON CONTINUATION OF U.S. AND OTHER AID PROGRAMS.
(SUCCESSFUL OFFSHORE DRILLING COULD SIGNIFICANTLY EASE FOREIGN

EXCHANGE SITUATION, BUT IS NOT BEING COUNTED ON.)
(3) "WAR RISK COVERAGE WILL BE LIMITED TO MOST SECURE
AREAS, WHICH WILL PROBABLU INCLUDE SAIGON-BIENHOA AREA,
CAM RANH INDUSTRIAL PARK AND OTHER AREAS. EMBASSY IS
BEING REQUESTED TO PROVIDE FURTHER GUIDANCE UPON WHICH
GEOGRAPHICAL SCOPE OF OPIC PROGRAM WILL BE BASED, AND
WILL BE CONSULTED FURTHER ON SPECIFIC PROJECTS.

D. "FOR KRAMISH: CONFIRM INVESTMENT PLANS OF GENERAL
ELECTRIC AND NORTH STAR. BE PREPARED TO EXPEDITE CON-
TRACTS. PLEASE SEND REPORT ON CONGRESSIONAL ACTION TO
SINGAPORE. ALSO PLEASE POUCH COPY OF EXCHANGE OF NOTES
CONSTITUTING BELATERAL AGREEMENT WITH GVN TO SAIGON COM-
MERCIAL ATTACHE JAMES ASHIDA."

2. COMMENT: PRESIDENT MAY'S VISIT AND THE MESSAGE HE BORE
OF IMMINENT CONGRESSIONAL APPROVAL FOR RESUMPTION OF OPIC PRO-
GRAMS RECEIVED AN ENTHUSIASTIC WELCOME. THE MINISTRY OF TRADE
AND INDUSTRY'S PROGRAM NOW BEING IMPLEMENTED TO STREAMLINE IN-
VESTMENT PROCEDURES IS NOW EXPECTED TO RECEIVE ADDED IMPETUS
AND SUPPORT. BUSINESSMEN TROUBLED BY DEPRESSED BUSINESS CON-
DITIONS LOOK FOR BETTER DAYS AHEAD. PRESIDENT MAYS' VISIT TO
VIETNAM, THEREFORE, COULD NOT HAVE BEEN MORE SALUTARY AND
TIMELY.
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